

**BLM - Cedar City Field Office
Meeting Record**

Date: October 2, 2008

Time: 2:00 pm

Persons Present:

Ed Ginouves, Minerals Specialist
Dave Penney, operator Penney Gemstones

Meeting Record:

Mr. Penney stopped by to hand deliver an access map and existing/new disturbance map for the pending Sliver 1-2 notice (UTU-82963). The map was being submitted in response to a deficiency letter, dated May 20, 2008, that I sent in response to the original (deficient) notice submission. The letter identified the following deficiencies:

1. A map showing the location of your project area in sufficient detail for BLM to be able to find it and the location of access routes you intend to use or improve. (43 CFR 3809.301(b)(2)(ii)). Before we can complete the necessary critical resource clearances BLM must know the precise location(s) of any areas to be disturbed under the notice. It is also necessary to have an accurate map of the areas to be disturbed to confirm the reclamation bond amount estimate.
2. A reclamation cost estimate (43 CFR 3809.301(b)(4) and 43 CFR 3809.552). If you do not want to prepare and submit a detailed reclamation cost estimate, the BLM Cedar City Field Office and the State of Utah, Division of Oil, Gas, and Mining, estimates that the necessary bond will amount to \$5,900 for the first acre of disturbance and \$3,700 for each additional acre or fraction of an acre, up to a total disturbance of five acres.

The map appears to correct deficiency #1 in that it clearly defines an area on the ground that BLM resource specialists can work with. The identified working area is less than 1 acre.

With regard to item 2., Mr. Penney stated that he would accept the DOGM fee estimate for <1 acre of disturbance, based on the belief that the identified working areas on his map within the blue polygon (BLM managed land) are under 1 acre. These areas are identified as green polygons and that portion of the purple polygon within the blue polygon. Access would be via the existing trail that serviced the original private land quarry.

We briefly discussed the status of the other sites authorized or pending on BLM land in the CCFO:

UTU-71326: Sliver 3-4 (Picasso North Quarry): Mr. Penney apparently campaign mines this each year, utilizing the existing disturbed footprint. He told me he doesn't really need any additional room to continue quarrying operation there.

UTU-78613: Lost Gems: Some material sold from prior mining campaign. Site remains idle and he is still trying to develop markets for the material.

UTU-79746: Green Chameleon: No further interest, ready for full release.

UTU-82964: Munchkin: This is a reauthorization of an earlier expired notice. It is currently pending bond increase to conform with DOGM bond requirements. No work has commenced and Mr. Penney felt the bond should reflect 1 acre of less of disturbance rather than 2 acres.

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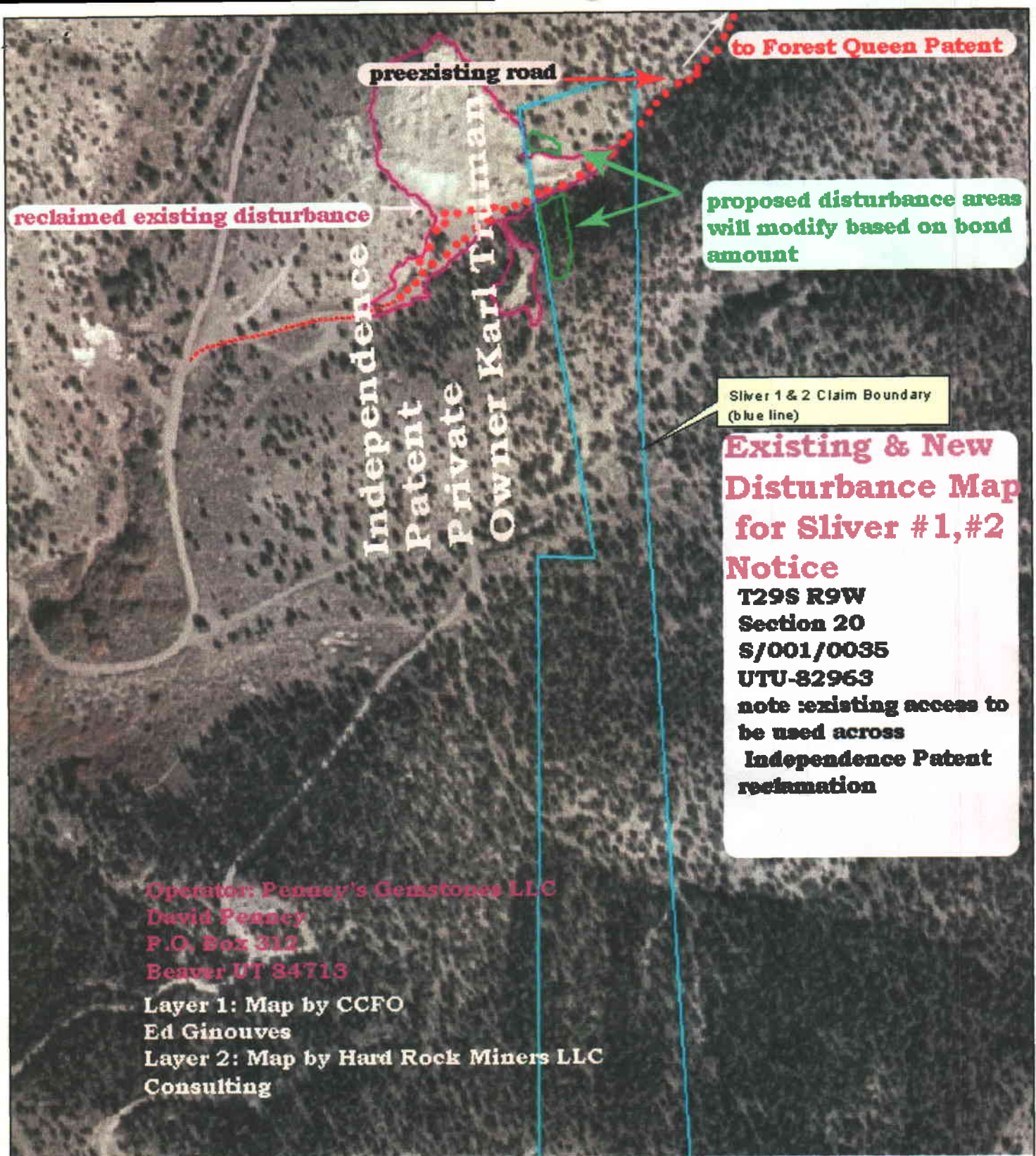
Project: Sliver #1-2
Operator: Penney's Gemstones, LLC
BLM File: UTU-82963
DOGM File: S/001/0035
Date Mapped: May 16, 2003
Notes: 2.39 acres total disturbance
as of 5/16/2003

Sliver 1&2.shp
Access Road (7/9/2003 Inspection)Line.shp
MineSite(5-16-03)Area.shp
Min_line.shp



Scale 1: 3,000
1"= 250'

Map prepared by Ed Ginouves, BLM CCFO
Property line accuracy is limited by real-time GPS
receiver inaccuracy of up to +/- 10 meters.



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